



Memorandum

U.S. Department
of Transportation
**Federal Highway
Administration**

Subject: **ACTION:** Federal-Aid Guidance Non-Federal Matching Requirements

Date: May 15, 2019

From: //Original signed by//
Brian R. Bezio
Chief Financial Officer

In Reply Refer To:
HCFB-31

To:
Division Administrators
Division Directors

The purpose of this guidance is to provide consolidated information that reflects current statutory and regulatory requirements in title 23 United States Code (U.S.C.), Highways, other highway program legislation, and implementing regulations. It cancels the [Non-Federal Matching Requirements](#) and [Tapered Match on Federal-Aid Projects](#) memorandums, dated December 29, 2009.

This guidance updates: (1) definitions that correspond to the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; and (2) changes in Title 23 U.S.C. based on passage of the Moving Ahead for Progress in the 21st Century (MAP-21) and the Fixing America's Surface Transportation (FAST) Act. The updated guidance also allows for the use of tapered match on Advance Construction (AC) projects and bond projects authorized under title 23 U.S.C section 122.

Under a tapered match agreement, the non-Federal matching ratio is imposed on the project as defined in the project agreement, rather than individual progress payments. Division Administrators and Division Directors must continue to authorize tapered match based on the merits of each project and ensure the authorized Federal obligation is not exceeded and complies with tapered match requirements.

Please direct questions to Dan Parker in the Office of Financial and Management Programs at 801-955-3518 or Danial.Parker@dot.gov.

Attachment

cc:

Associate Administrators
Chief Counsel
Director, Innovative Program Delivery
Director, Technical Services
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Background and Purpose of Guidance

Guidance on matching requirements for Federal Highway Administration (FHWA) funded grants and subgrants has been issued by several offices of FHWA. This document consolidates and provides comprehensive guidance that reflects current statutory and regulatory requirements set forth in 23 United States Code (U.S.C.), Highways, other highway program legislation, and implementing regulations, and establishes uniform Federal-aid policy guidance for the Federal and non-Federal matching requirements under the Federal-aid highway program (FAHP).

While State Departments of Transportation (State DOTs) are the traditional and customary recipient of FAHP funds, agencies other than State DOTs on occasion may be direct grant recipients of FHWA funds. These direct recipients include: other State agencies, local governments, Indian Tribal Governments, universities, and nonprofit organizations. These agencies may also receive subawards of FHWA funds from a direct recipient (e.g., metropolitan planning funds that are passed-through a State DOT to a metropolitan planning organization).

The criteria for the Federal share of Federal-aid projects are generally specified in 23 U.S.C. 120. Federal share provisions may be set forth in specific program legislation, such as the following:

- Highway Safety Improvement projects [23 U.S.C. 148(j)],
- Rail Highway Set-aside funding [23 U.S.C. 130(f)(3)],
- Recreational Trails projects [23 U.S.C. 206(f)],
- research activities in chapter 5 of title 23, or
- program legislation not incorporated into title 23.

Additional guidance on application of cost sharing requirements is also set forth in government-wide grant regulations.¹

This guidance will focus on the sources of funds that may be used to provide for the non-Federal match of Federal-aid programs. Other resources, including specific program legislation, should be used to determine the maximum Federal share permitted on specific projects and potentially additional matching restrictions or flexibilities that may be required under that program legislation. Examples include the Nationally Significant Freight and Highway Projects Program (which the U.S. Department of Transportation (USDOT) refers to as the “Infrastructure for Rebuilding America” or INFRA discretionary grant funding program [23 U.S.C. 117] and the National Infrastructure Investments Program (which the USDOT refers to as the Better Utilizing Investments to Leverage Development, or “BUILD Transportation Discretionary Grants”) [Consolidated Appropriations Act, 2019 (Pub. L. 116–6, January 22, 2019)].

Terminology

The definitions in 23 U.S.C., 31 U.S.C., 23 CFR, 49 CFR, 2 CFR, etc., apply unless stated otherwise.

Cost Sharing or matching – means the portion of project costs not paid by Federal funds (unless otherwise authorized by Federal statute) [2 CFR 200.29].

Donations – “Donations” and “contributions” are considered synonymous, and represent eligible project costs provided by a third party to a recipient or subrecipient for satisfying the non-Federal share requirements of a Federal-aid project.

Period of Performance – means the time during which the non-Federal entity may incur costs to carry out the work authorized under the Federal award. The Federal awarding agency or pass-through entity must include start and end dates of the period of performance in the Federal award [2 CFR 200.210 (a) (5) and 2 CFR 200.331 (a)(1)(iv)]. Generally, costs incurred outside of the beginning or ending dates of the grant period are ineligible [23 CFR 1.9(a)] and unallowable [2 CFR Part 200 Subpart E]. The effective phase authorization date in the Financial Management Information System (FMIS) project agreement or other FHWA authorized project agreement is the start date of the period of performance for the applicable phase. The project agreement has one period of performance end date which applies to the phase of work authorized and is modified as phases and additional work is added to the project agreement.² The Administrator may approve participation of Federal-aid funds incurred prior to the period of performance [23 CFR 1.9(b)] if requested by the State DOT. In addition, a recipient may incur preliminary engineering costs prior to project authorization consistent with section 1440 of the Fixing America’s Surface Transportation Act (FAST Act). FHWA guidance on this provision is found at <https://www.fhwa.dot.gov/specialfunding/190319.pdf>.

Project Cost – All allowable costs, as set forth in statute or the applicable Federal cost principles [2 CFR Part 200 Subpart E], incurred by a recipient and the value of the contributions made by third parties in accomplishing the objectives of the award and incurred during the project period of performance [2 CFR 200.309] except as otherwise provided.

Recipient – means a non-Federal entity that receives a Federal award directly from a Federal awarding agency to carry out an activity under a Federal program. The term recipient does not include subrecipients [2 CFR 200.86]. In most instances, the State DOT is the recipient of Federal-aid funds in each State.

Soft Match – A term often associated specifically with Toll Credits [23 U.S.C. 120(i)] and Credit for Bridges Not on Federal-Aid Highways [23 U.S.C. 133(f)(3)]. Use of these credits meets the matching requirements by recognizing the prior expenditures that are credited as a “cost of the project” and effectively increasing the Federal cash outlay up to 100% of project costs as the credit reflects prior expenditures “brought forward” and recognized as the match on the current project.

Subrecipient - means a non-Federal entity that receives a subaward from a pass-through entity [See 2 CFR 200.74] to carry out part of a Federal program; but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency [2 CFR 200.93].

Tapered Match - means a process that allows flexibility in meeting the non-Federal share requirements, provided the overall Federal share is not exceeded at the close of the project. When a tapered match is authorized, the established Federal share is applied to the total project costs, instead of applying to each progress payment. The billing percentage applied to progress payments may be higher or lower than the Federal share pro rata (or the lump sum pro rata) established for the project.

Third party – A third party is an entity (other than a recipient, subrecipient, or Federal agency) that is not party to a Federal-aid project agreement, but who may derive a benefit associated with the completion of the project. As a recipient, a State cannot be considered a third party.

Third Party In-kind Contribution - means the value of non-cash contributions (i.e., property or services) that—

- (a) Benefits a federally assisted project or program; and
- (b) Are contributed by non-Federal third parties, without charge, to a non-Federal entity under a Federal award. [2 CFR 200.96]

Statutory and Regulatory Basis for Treatment of Non-Federal Source of Project Funds

In accordance with 23 U.S.C. 106(a) and (b), State DOTs must execute an agreement documenting the conditions of project approval for projects where Federal funds are anticipated³ or will be used to reimburse the Federal share of costs incurred and the conditions or terms of the agreement. The Federal share and basis for matching requirements for the FAHP are provided in 23 U.S.C. 120, or other enacted legislation as noted above.

When the State DOT or other recipient enters into a Federal-aid project agreement [23 CFR 630.108], as a recipient of FHWA funds, it agrees to properly account for all project costs in compliance with Federal-aid eligibility requirements [23 CFR 630.112]. Included in these requirements are the matching requirements in the grant administration regulations [2 CFR 200.29 and 2 CFR 200.306] and in the Federal cost principles [2 CFR Part 200 Subpart E]. Any use of special statutory or regulatory provisions to satisfy all or part of the non-Federal share of project costs must be noted on the Federal-aid project agreement [23 CFR 630.108(c)(1) and (2)].

Changes in statutes affecting matching requirements on Federal-aid projects have occurred under the Moving Ahead for Progress in the 21st Century (MAP-21) and the FAST Act. Changes to the Federal share and non-Federal matching requirements based on these statutes are discussed further in this guidance document under the “Exceptions to General Matching Provisions” section and other guidance on those specific provisions.

Matching Rules and Requirements for the Non-Federal Share of Project Funding

General Matching Requirement for the Non-Federal Share

State funds, as well as donations of cash from third parties, may be used to satisfy the non-Federal match requirements for a project under the FAHP. Provision for proper recognition of and accounting treatment for all costs used to satisfy the non-Federal share shall be set forth within the agreement. In-kind donations may be incorporated into a Federal-aid project through amendment, but retroactive approval of costs incurred prior to authorization or after the period of performance, unless provided for in statute or regulation (e.g. 23 U.S.C. 323(b), credits for acquired land; FAST Act section 1440; or 23 CFR 1.9 (b)), is prohibited consistent with 23 CFR 630.106(b) and 2 CFR 200.309.

Total contributions of cash from all non-Federal sources plus the Federal funds may not exceed the total cost incurred by the State on the project [23 CFR 630.106(h)(2)]. Just as with non-cash donations, each dollar of excess cash donations shall reduce a like amount of Federal share. This rule is consistent with statute, which provides for increased non-Federal share of project cost [23 U.S.C. 120(h)].

Third Party Donations

Section 1902 of SAFETEA-LU amended 23 U.S.C. 323(c) to recognize in-kind donations of services by a local government, when acting as a third party, to satisfy Federal-aid matching requirements. As a recipient of Federal-aid, a State DOT cannot be considered a “third party” to the Federal-aid project agreement, and as such, cannot donate services to a project; however, the costs associated with the services provided and borne by the State, such as employee compensation, are allowable costs provided they are incurred consistent with 2 CFR Part 200 Subpart E – see next section: “Costs Incurred and Use of Tapered Match Provisions”. With exceptions for certain programs, as noted in this guidance, the donation of services, materials, equipment, and funds from a third party, including local governments, may be credited as a project cost, in a uniform manner consistent with the matching requirements of 2 CFR 200.306 and 2 CFR 200.434, depending on the entity receiving Federal funds. However, just as with the Federal share of project costs, such donations must be eligible and necessary for the implementation of the project [23 CFR 630.112] and must meet the cost allow ability requirements of the Federal cost principles under 2 CFR Part 200 Subpart E. For example, the donation must be necessary for the project being funded, and specific to the funded project. The donation cannot be connected to a related project or adjacent project that is not the project for which the match is sought to be applied. There are exceptions to the grant period requirement for certain real property donations (see references noted below), as well as for certain types of donations to Recreational Trails Program (RTP) projects, discussed later in this guidance.

The Federal share of the project may not exceed limits established by statute and the project agreement or amendment to the agreement. For most types of donations, amounts more than the non-Federal share requirement may be used to reduce the Federal share of the project cost. One notable exception to the general treatment of donations pertains to real property. Per 23 U.S.C. 323(b)(4), the total credit for real property donations cannot exceed the State's pro-rata share under the project agreement to which it is applied, and as such, any excess fair market value (FMV) over the amount needed to satisfy the non-Federal share requirement may not be applied against the Federal share of project costs [23 CFR 710.505 and 710.507].

The recipient or subrecipient must ensure that the value of donations received by a third party and applied as the non-Federal matching share is adequately documented for verification, treated consistently, and that adequate accounting controls exist and are in effect to meet Federal grant administration and financial management requirements. The valuation of donations of real property, services, materials, equipment, and use of facilities must be established at FMV, as determined by the applicable Federal grant administration regulations [2 CFR 200.306] and Federal cost principles [2 CFR Part 200 Subpart E]. The costs or value of third party donations counting towards satisfying the non-Federal match requirement must be verifiable from the records of the recipient or subrecipient [2 CFR 200.306]. The recipient retains responsibility for the proper oversight of services donated by third parties and/or performed by its subrecipients [23 U.S.C. 106(g)(4) and 2 CFR 200.331]. FMV for real property donations is established at the earlier of the time the donation becomes effective or at the time title to the property vests in the State [23 U.S.C. 323(b)(2)(B) and 23 CFR 710.505].

Costs Incurred and Use of Tapered Match Provisions

As noted in 2 CFR 200.306, non-Federal entities, including States and local agencies, have the option to treat eligible costs incurred on a project as either project costs subject to reimbursement or apply them to the non-Federal match requirement. Allowable costs are those necessary and reasonable for the performance of the award. Reimbursement for the Federal share on a progress basis cannot vary from the authorized pro rata share unless authorized under a “tapered match” project agreement [23 CFR 630.108(c)(2)]. Section 1302 of TEA-21 amended 23 U.S.C. 121, by removing the longstanding requirement for a payment-by-payment match of Federal funds on individual projects. Recipients and subrecipients may seek FHWA approval to exercise a tapered match provision within a project agreement. Under this approach, the non-Federal matching ratio is imposed on the project as defined in the project agreement, rather than individual progress payments associated with the project. As such, Federal reimbursement of project expenditures can range from zero to one hundred percent for eligible costs in the early phases of a project, provided that by the time the project is complete, the overall Federal contribution does not exceed the authorized Federal-aid share for the project in question.

If the non-Federal entity wishes to bill Federal funds in such a manner that results in progress billings that would not equal the Federal pro rata share for costs incurred as identified in the project agreement, it will be necessary to receive FHWA concurrence in the project agreement recording the use of Tapered Match provisions⁴. If the authorized Federal obligation amount has not been exceeded for project cost incurred at the time of the claim for reimbursement, recipients may apply project costs incurred to the non-Federal share, Federal share, or both, up to the authorized Federal obligation amount. In other words, the recipient may bill Federal funds at a rate less than or greater than the authorized Federal share for eligible costs on a progress payment basis if the total authorized Federal obligation amount

has not been exceeded. Authorization for this option may be granted by the FHWA Division Administrator, case-by-case, dependent upon assurance of the existence and effectiveness of necessary procedures and related internal controls to ensure the authorized Federal obligation is not exceeded or otherwise in compliance with tapered match requirements. This includes ensuring the total costs of the project are kept up to date to accurately track the authorized Federal share. Cost savings pose a potential risk that the Federal share could be exceeded if not carefully monitored. Authorization of tapered match is documented under each FMIS project agreement using the State Remarks field.

The project agreement may include tapered match on any project authorized under the provisions of title 23 U.S.C. when the approval would result in one or more of the following:

- The use of tapered match, when compared to the use of traditional match procedures, would result in an earlier project completion.
- The project costs would be reduced by using a tapered match.
- Tapered match would provide for additional non-Federal funds to be leveraged for the project.

Special Provisions

Planning Activities

Requirements for in-kind donations related to the Planning and Research Programs [23 CFR Part 420] may be applied on either a total planning work program basis or for specific tasks, line items or products. In this context, a “work program” is the Unified Planning Work Program (UPWP) developed by MPOs or the State Planning and Research (SPR) “Part I” Work Program developed by State DOTs. Work performed by a third party must be an eligible transportation planning related activity that benefits the Federal element of the work program, during the grant award period (i.e., program period covered by the UPWP or SPR-Part I Work Program). In-kind contributions must be identified in the original planning work program/scope of work and the grant/subgrant agreement or amendment(s).

Toll Credits (“Soft Match”)

The provision in 23 U.S.C. 120(i) allows a State to use toll revenues as a credit toward the non-Federal share for any funds made available to carry out projects under title 23 (other than the Emergency Relief program authorized by section 125) or chapter 53 of title 49 U.S.C. Toll revenues available for credits are those generated and used by public, quasi-public, and private agencies to build, improve, or maintain highways, bridges, or tunnels that benefit interstate commerce. FHWA guidance is found at <https://www.fhwa.dot.gov/specialfunding/151120.cfm>.

Credit for Bridges not on Federal-aid Highways (“Soft Match”)

Credit to the non-Federal share may be applied for projects wholly funded from State and local sources for the replacement or rehabilitation of bridges not on Federal-aid highway. Amounts expended from State and local sources for the project in excess of 20 percent of the cost of construction of the project may be credited to the non-Federal share of the cost of other bridge projects in the State that are eligible for Federal funds. FHWA guidance is found at <https://www.fhwa.dot.gov/bridge/0650dsup.cfm>.

Exceptions to General Matching Provisions

Federal Land Management Agency Funds for Scenic Byways: 23 U.S.C. 162(f) allows a Federal land management agency to use funds authorized for use by the agency as the non-Federal share in the case of any scenic byway project along a public road that provides access to or within Federal or Indian land.

Federal Land Management Agency Funds for INFRA Projects: 23 U.S.C 117(j)(3) allows Federal funds other than those made available under titles 23 or 49, U.S.C., with some exceptions, to be used to pay the non-Federal share of the cost of a project carried out under the INFRA Grant Program by a Federal Land Management Agency that applies jointly with a State or group of States.

Federal Agency Funds for a Project within, adjacent to or provides access to Federal Lands: 23 U.S.C. 120(j) provides that funds appropriated to any Federal land management agency may be used to pay the non-Federal share of the cost of any project the Federal share of which is funded under this title or chapter 53 of title 49. Other Federal funds not authorized under Titles 23 or 49 may be used to pay the non-Federal share of any transportation project funded under Title 23 or Chapter 53 of Title 49 that is within, adjacent to, or provides access to Federal lands [23 U.S.C. §120(j)], where the Federal statute

authorizing those funds specifically provides that the funds can be applied to a matching or cost sharing requirement of other Federal programs [2 CFR §200.306(b)(5)].

Federal Lands and Tribal Transportation Funds: 23 U.S.C. 120(k) provides that funds appropriated to carry out the tribal transportation program under section 202 and the Federal lands transportation program under section 203 may be used to pay the non-Federal share of the cost of any project that is funded under this title or chapter 53 of title 49 and that provides access to or within Federal or tribal land [23 U.S.C. 204]. However, this provision does not authorize the use of Federal Lands Access program (FLAP) funds made available under 23 U.S.C. 204 as the non-Federal match. The authority to use Federal funds as the non-Federal match must be authorized by statute. FLAP funds are excluded from the authorization in 23 U.S.C. 120(k).

Recreational Trails Program:

(A) **Any project sponsor:** The non-Federal share of all RTP projects may include or wholly consist of funds from a Federal agency or agencies, other than a project sponsor, provided the project is eligible under the Federal agency program, including other U.S. DOT programs [23 U.S.C. 206(f)(3)]. States may require additional non-Federal share matching requirements.

(B) **Federal agency project sponsor:** If a Federal agency is the project sponsor, the maximum Federal share is 95% (80%, or more per 23 U.S.C. 120(b), of RTP funds and up to 15% Federal agency sponsor funds). The non-Federal share is a minimum of 5% [23 U.S.C. 206(f)(2)]. Any funds or the fair market value of any materials or services provided by a Federal project sponsor must be credited toward the Federal agency's share of the project consistent with 23 U.S.C. 206(f) [23 U.S.C. 206(h)(1)(B)].

(C) **RTP funds as match for other Federal funds:** RTP funds may be used to match other Federal funds (including other U.S. DOT funds) for eligible RTP projects, provided the project also would be eligible under that Federal program [23 U.S.C. 206(f)(4)].

(D) **RTP programmatic match:** A State may adjust the non-Federal share of an individual RTP project in a fiscal year if the Federal share of the cost of all projects carried out by the State under the RTP (excluding projects funded under 23 U.S.C. 206(f)(2) or (3)) using funds apportioned to the State for the fiscal year does not exceed the Federal share as determined in accordance with 23 U.S.C. 120(b) [23 U.S.C. 206(f)(5)].

(E) **RTP matching flexibilities:** Project planning costs, environmental compliance costs, and the value of new right-of-way incorporated into the project may be credited toward the non-Federal share of the cost of an eligible RTP project, if the costs were incurred less than 18 months prior to project approval. For the RTP, the legislative intent of "project approval" is "prior to FHWA's project approval" and not "prior to NEPA approval" [23 U.S.C. 206(h)(1)].

FHWA guidance is found at

https://www.fhwa.dot.gov/environment/recreational_trails/guidance/matchingfunds.cfm.

Transportation Infrastructure Finance and Innovation Act (TIFIA) Program: TIFIA credit assistance may be used as the non-Federal share for Federal funds [23 U.S.C. 603(b)(8)]. The proceeds of a secured loan under this chapter may be used for any non-Federal share of project costs required under this title or chapter 53 of title 49, if the loan is repayable from non-Federal funds.

State Infrastructure Bank (SIB): Loan proceeds from a SIB, as established under 23 U.S.C. 610(b), may be used as the non-Federal share. The proceeds of a secured loan under 23 U.S.C. 610 may be used for any non-Federal share of project costs required under this title or chapter 53 of title 49, if the loan is repayable from non-Federal funds.

Attachment A

Examples of Proper Recognition of Donations and Costs Incurred and Treated as Non-Federal Share

Example 1: Third Party Donations – Less than non-Federal share requirement of project costs – 80/20 ratio

Actual Cash Outlay for Costs Incurred on Project	\$1,000,000
Value of Third Party In-kind Donations	+ <u>100,000</u>
Total Cost of Project	\$1,100,000
Federal Share (\$1,100,000 X 80%)	\$880,000
Non-Federal Share (\$1,100,000 X 20%)	220,000
Non-Federal Share	\$220,000
Value of Third Party In-kind Donations	- <u>100,000</u>
Cash Outlay by State for Non-Federal Share	\$120,000
Example 1	

Example 2: Third Party Donations –Greater than non-Federal share requirement of project costs – 80/20 ratio

Actual Cash Outlay for Costs Incurred on Project	\$1,000,000
Value of Third Party In-kind Donations	+ <u>500,000</u>
Total Cost of Project	\$1,500,000
Federal Share (\$1,500,000 X 80%)	\$1,200,000
Non-Federal Share (\$1,500,000 X 20%)	300,000
Non-Federal Share	\$300,000
Value of Third Party In-kind Donations	- <u>500,000</u>
Cash Outlay by State for non-Federal Share	- 0
Cash Outlay by Grantee or Subgrantee	\$0
Total Cost of Project	\$1,500,000
Less non-Federal Share	- 300,000
Less Excess In-kind Donations	- <u>200,000</u>
Federal Share of Project Cost	\$1,000,000
Example 2	

Example 3: Third Party Donations of Cash – Greater than the non-Federal share requirement – 80/20 ratio

Actual Cash Outlay for Costs Incurred on Project	\$5,000,000
Third Party Donation of Cash	1,250,000
Federal Share of Project Costs (\$5,000,000 X 80%)	\$4,000,000
Non-Federal Share (\$5,000,000 X 20%)	1,000,000
Non-Federal Share	\$1,000,000
Third Party Donations of Cash	- 1,250,000
Cash Outlay by State for non-Federal Share	\$0

Total Cost of Project	\$5,000,000
Less non-Federal Share	- 1,000,000
Less Excess Third Party Donations of Cash	- 250,000
Federal Share of Project Cost	\$3,750,000
Example 3	

Example 4: Costs of Services Incurred by a Local Public Agency as subgrantee – 80/20 ratio – includes costs incurred prior to date of project authorization

Actual Cash Outlay for Costs Incurred – Construction Contract Amount	\$5,000,000
Design Service performed by Local Public Agency as Subgrantee prior to date of Project Authorization – Non-Participating	<u>500,000</u>
Total Project Costs	\$5,500,000
Total Eligible Project Costs (\$5,500,000 – 500,000 NP Amount)	\$5,000,000
Federal Share of Eligible Project Costs (\$5,000,000 X 80%)	\$4,000,000
Non-Federal Share (\$5,000,000 X 20%)	+ 1,000,000
Cash Outlay by Local Public Agency	\$1,000,000
Federal Share of Project Cost	\$4,000,000
Example 4	

Example 5: Costs of services incurred by a Local Public Agency as subgrantee – less than non-Federal share requirement – 80/20 ratio

Actual Cash Outlay for Costs Incurred – Construction Contract Amount	\$5,000,000
Design Service performed by Local Public Agency as Subgrantee – Tapered Match Agreement approved by FHWA Division Office – Project Authorized in Advance of Costs being Incurred	500,000
Total Eligible Project Costs	\$5,500,000
Federal Share of Project Costs (\$5,500,000 X 80%)	\$4,400,000
Non-Federal Share (\$5,500,000 X 20%)	+ <u>1,100,000</u>
Total Project Value	\$5,500,000
Total non-Federal Share	\$1,100,000
Costs Incurred by Local Public Agency and Treated as non-Federal Share	- <u>500,000</u>
Cash Outlay by Local Public Agency	\$600,000
Federal Share of Project Cost	\$4,400,000
Example 5	

¹ 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

² Project Funds Management Guide for State Grants – Attachment 1.

³ Procedures relating to advance construction, 23 CFR Part 630 Subpart G

⁴ 23 CFR 630.108(c)(2).

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